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SUBJECT: BRZAIL'S MINAS GERAIS: PT INCUMBENT COULD  
WIN A TIGHT RACE IN BRAZIL'S THIRD CITY

Refs: (A) Rio de Janeiro 00190 (B) Rio de Janeiro  
00723 (C) Brasilia 01392

1. (U) SUMMARY: The mayoral race in the capital city of Minas Gerais state, Belo Horizonte, one of Brazil's largest cities in one of the largest states, is close, according to the most recent poll: 38 percent for ex-soccer idol and State Deputy Joao Leite (Brazilian Socialist Party/PSB) and 31 percent for current mayor Fernando Pimentel (Worker's Party/PT). On August 2-3, Poloff visited Belo Horizonte to take the pulse in the mayoral election in this important economic capital. We spoke with both leading candidates, and others with insights in the city. Despite the fact that Leite has a lead in the polls, many political pundits predict that Pimentel will successfully hold his seat. The CNT/Sensus poll released August 11 show both President Lula's and PT Sao Paulo mayoral candidate Suplicy's approvals have ticked up, and this along with the improvement in the economy, will help Pimentel as well. Nonetheless, the PT is pulling out all the stops for Pimentel's campaign to get the polls back to the June level of 41% or higher for a clear win of over 50 percent. The current dip in Pimentel's popularity could mean, however, that the race will be decided by evangelicals who support Joao Leite. Right now, it is too close to call. End Summary.

THE POLLS

2. (U) Recent polling by Instituto EMDData shows 38 percent support for ex-soccer idol and Minas Gerais State Deputy Joao Leite (PSB) and 31 percent for current Belo Mayor Fernando Pimentel (PT), with a margin of error of 5 points. Election day is October 3, and the race is very much in play, as July polls showed the two candidates even, but earlier numbers showed Pimentel with a substantial lead. The other five candidates together do not reach double digits. Despite Leite's current lead, political pundits in Belo Horizonte predict the Worker's Party candidate for re-election will be the winner, especially with more PT big shots weighing in, such as President Lula. In addition, Pimentel has just hired the public relations firm of Duda Mendonca, who helped elect President Lula in 2002. It is possible, however, that these political nabobs have underestimated the number of evangelical voters who support Leite, who may help him clinch the election. (Twenty-five percent of the voters are evangelicals and Leite has 70 percent of their votes.) Leite polls particularly well among evangelical and working-class voters, while Pimentel is the favorite of the more educated and middle classes. If no candidate gets more than 50 percent of the vote, the top two vote-getters go to a second round on October 31.

HURDLES FOR PIMENTEL

3. (SBU) Pimentel has some hurdles to get over. Despite being the incumbent, he is surprisingly unknown to the voters. He was elected Vice Mayor in 2000, but shortly after, the Mayor suffered a stroke. Pimentel has been Acting Mayor for three years, is reportedly an able administrator and "not as radical as some PT members." In anticipation that Mayor Castro would recover, he was reportedly modest and did not advertise the fact that he was mayor, much to his detriment now that he is a candidate.

CAMPAGN HEATS UP

14. (SBU) Verbal attacks between the front runners have heated up the campaign in recent weeks. The PT has been attempting to gain more name recognition for Pimentel. At the end of July, Vice President of the Republic Jose Alencar Gomes da Silva (Liberal Party/PL) arrived in Belo Horizonte, actively participating in Pimentel's campaign for re-election, as he is for other PT/PL candidates in 70 cities in the state. (Alencar's name has been bandied about as a possible candidate for the governorship in 2006.) Seven federal ministers representing one or the other of the federal coalition of parties and one federal deputy, in addition to Minister of the Casa Civil, Jose Dirceu, have also gone to Belo to reinforce their support for the PT candidate, much to the outspoken displeasure of Leite. Leite accused Pimentel of using the federal machine to bolster his campaign; Pimentel riposted that Leite was "impolite," and claimed any monies used for any campaigning were from the party war chest and not public funds. President Lula was in Belo on August 6, conferring with Pimentel and announcing tax cuts; Pimentel claimed the President's announcement of tax cuts had nothing to do with partisan politics and everything to do with the importance of Belo Horizonte, but Leite criticized the President for "lending himself" to Pimentel's campaign: "It's lamentable," Leite said. Pimentel does emphasize his relationship with the federal government and President Lula and says that as a result, with his election, federal funds will continue to come pouring into Belo Horizonte.

#### THE HEFT OF INCUMBENCY DISADVANTAGES LEITE -----

15. (SBU) Although Joao Leite is currently ahead in the polls, he has reason to be concerned about maintaining that lead. Recent polls indicate that the approval ratings of President Lula and state governor Aecio Neves are on the rise and may improve Pimentel's chances by association: 71 percent of Belo Horizonte voters approve of the governor, a rise of 4 points over two months ago and President Lula has risen from 47 percent to 52 percent in the same time frame, according to the EMDData poll. Their popularity may be the most influential element in a Pimentel win. Although Leite was given support by the ever-popular Neves (Brazilian Social Democratic Party/PSDB) at the end of June, that support has been luke-warm and ambiguous. Neves, for the most part, has remained outside the mayoral campaign, although he has made occasional sympathetic comments about Pimentel and other candidates for mayor and has not praised the candidate his party supports in coalition with the PSB, Leite. Neves' distance from the municipal elections is read by Neves' supporters as his adherence to the principle of loyalty to the PSDB decision to support Leite rather than actual support for the candidate - a supposition that Leite is having a hard time overcoming, affecting his ability to raise funds.

16. (SBU) Leite has no way to counter the Pimentel claim that federal funds will pour into the city as soon as he is elected. Nor can he compete with the tremendous weight that comes with incumbency: where Leite's campaign headquarters is a loaned, spare building in downtown Belo, the governor has the formidable city hall as his electoral backdrop and a cast of thousands of public employees at his beck and call. Pimentel can point to projects the city government has funded, such as the distribution of thousands of school books and backpacks, or the building of new roads that leave Leite at a distinct disadvantage. Despite the electoral hew and cry, however, Pimentel and Leite are little different in their campaign platforms: improving health care, building more and better schools, developing infrastructure, controlling drug/arms trafficking, and job creation. Both Pimentel and Leite are focusing on the 28,642 new voters under the age of 18, an increase of 115 percent in relation to 2002 of the number of 16 and 17-year olds. Currently, both principal candidates are filming electoral spots for the opening of the TV/radio programs which start August 18 and run through September 30.

17. (SBU) Among the many people with whom Poloff discussed the mayoral campaign, Marcos Coimbras of the prominent Vox Populi polling company provided the most insight into the election. He discussed the astonishing transformation of President Lula in the last year, a man who is getting bigger and better than when he began. Coimbras said the

Brazilian people are fascinated by the President as a statesman, dealing both with national and international issues as a political leader rather than a party leader, a man capable of governing, a "superLula." Coimbra admitted that Lula's popularity fell when the Waldomiro scandal broke this past spring, but said that the initial euphoria of Lula's election and the high expectations that accompanied his campaign promises were impossible to sustain. The Brazilian people now have more realistic expectations of what a government can accomplish in a short period of time. The Worker's Party, Coimbra said, has not gotten off so easily; he said the party is in disarray, with much infighting and the people are aware of it. Lula's increasing popularity will have a distinctly positive effect on Pimentel's campaign, according to Coimbra.

18. (SBU) Coimbra predicted, as did many other people in the capital, that Pimentel would win the mayoralty in a close race. He declared Pimentel a decent administrator who indeed had access to federal funds for building roads, etc. He criticized Pimentel for not having the political savvy to come forward aggressively once he took over as mayor. Coimbra believes Pimentel has been able to maintain an admirable image of PT accomplishments for the last year and a half, especially in infrastructure development.

19. (SBU) Coimbra indicated that Leite's reputation has suffered because he talks too much about prisoner rights rather than having sympathy for victims of crime and violence in his press conferences. Although Leite defended himself as a strong supporter of the police in their battle against crime (his father was a Military Police officer), he is too easily identified as too much on the side of criminals. With the increasing crime wave in Belo Horizonte, crime will probably be the central issue in the election. The perception that Leite is soft on crime will play a pivotal psychological role in whom voters elect, Coimbra stressed. Another problem Leite has is campaign funds: since Leite is not really seen as Neves' candidate, he is also having trouble raising money.

10. (SBU) Comment: The mayoral race in Belo Horizonte is too close to call at this point. Like the three previous races for mayor, it will probably remain too close to call right up to the day of the elections. Watching the polls once the influential television and radio spots begin on August 18 will inform on what the effect of the Mendonca publicity campaign in conjunction with the participation of PT heavy-weights, the incumbency, and the PT war chest has in getting Pimentel elected. The big unknown is the evangelical support for Leite, which may turn the tide in his favor.

11. (SBU) A PT win in Belo Horizonte, the third largest city in Brazil, would be an important indicator of the success of the Lula administration two years into its term. The recent surge in the PT mayoral incumbent's popularity in Sao Paulo is also a good sign of the people's approval of the PT. The improvement in the economy is another plus for the administration. In Rio de Janeiro, however, the Liberal Party candidate is likely to win, with the PT candidate still in the single digits in the polls. Two out of the three largest cities in the country is not bad. End Comment.

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